

Message Text

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ACTION AID-59

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P R 281025Z AUG 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC PRIORITY 8210

INFO AMEMBASSY PHNOM PENH

AMEMBASSY BANGKOK

AMEMBASSY VIENTIANE

AMEMBASSY SEOUL

AMCONSUL DANANG

AMCONSUL NHA TRANG

AMCONSUL BIEN HOA

AMCONSUL CAN THO

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EO 11652: N/A

TAGS: EARG VS

SUBJECT: RICE SITREP FOR JULY 1974 CERP 4012

REF: A. STATE 179534

B. STATE 184376

C. SAIGON 9465

D. SAIGON 9397

1. SUMMARY: THE ARRIVAL OF 15,000 MT IN JULY AND EARLY AUGUST COMPLETED THE FY 1974 PL-480 RICE IMPORT PROGRAM AT A TOTAL OF ROUGHLY 305,000 MT. DELTA RICE DELIVERIES IN JULY AND MOST OF AUGUST CONTINUED LOW DESPITE HIGH APPARENT PADDY STOCKS IN THE DELTA, PARTLY AS A RESULT OF LOW GVN PURCHASE PRICES AND MARKETING RESTRICTIONS. HOWEVER, NEW HIGHER NFA PURCHASE PRICES FOR BOTH MILLED RICE AND PADDY WERE ANNOUNCED IN MID-AUGUST. EMPAHSIS IS ON BUILDING UP PRIVATE SECTOR STOCKS FOR USE
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IN LATE 1974 AND EARLY 1975 AND TO PREVENT A RUN ON US RICE

HELD BY NFA IN CENTRAL VIETNAM WAREHOUSES. PADDY PRICES CONTINUE TO MOVE UPWARD STEEPLY PROPELLED BY BOTH SEASONAL FACTORS AND RECENT GVN PURCHASE PRICE AND POLICY DECISIONS. RICE PRICES ARE ALSO MOVING UPWARD, BUT MORE SLOWLY. END OF SUMMARY.

2. END JULY SAIGON AND CENTRAL VIETNAM STOCKS (1000 MT)

SAIGON IMPORTED	98.4
SAIGON DOMESTIC	37.2
SAIGON PRIVATE	12.9
DEFICIT PROVINCES	136.7
	285.2

3. JULY APPARENT CONSUMPTION (1000 MT)

BEGINNING STOCKS	302.3
DELTA DELIVERIES (ADJUSTED)	35.0
IMPORTS	10.0
TOTAL AVAILABLE	347.3
MINUS END JULY STOCKS	285.2
JULY APPARENT CONSUMPTION	62.1

4. JULY IMPORTS WERE 10,029 MT FROM PA'S 45-765 AND 766. INCLUDING THE 5,000 MT FROM THE S.S. THOMAS LYNCH (PA 45-768) WHICH ARRIVED AUGUST 2, THE TOTAL FOR THE FY 1974 PROGRAM-NOW COMPLETED WAS APPROXIMATELY 304,560 MT. MR. BOURGEOIS (REF A) ARRIVED IN SAIGON AUGUST 25 AND IS SCHEDULED TO TRAVEL TO DANANG, NHA TRANG AND CAM RANH TO INSPECT THE INFESTED RICE FROM THE S.S. COLUMBIA, S.S. CHIMPLES AND S.S. IRA TO TRY TO DETERMINE THE EXTENT AND CAUSE OF DAMAGE.

5. REPORTED DELTA DELIVERIES FOR JULY WERE ONLY 24,588 MT. FOR REASONS OUTLINED IN REF C WE HAVE RAISED THIS FIGURE TO 35,000 MT. EVEN WITH THIS ADJUSTMENT, DELTA DELIVERIES REMAINED LOW FOR THE SECOND MONTH IN A ROW AND AUGUST DELIVERIES THROUGH THE 23RD HAVE NOT IMPROVED. THERE IS STILL GENERAL UNANIMITY IN BOTH THE PUBLIC AND PRIVATE SECTORS THAT PADDY SUPPLIES IN THE DELTA ARE ADEQUATE TO PROVIDE FROM 150,000 TO 225,000 MT ADDITIONAL MILLED RICE TO DEFICIT AREAS IN CY 1974.

6. ON AUGUST 16, THE GVN RAISED THE NFA OFFICIAL PURCHASE PRICES FOR BOTH MILLED RICE AND PADDY. THE NFA MILLED RICE LIMITED OFFICIAL USE

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BUYING PRICE FOR NUMBER 1, 25 PERCENT BROKENS WAS RAISED FROM 16,500 TO 17,500 PIASTERS PER 100 KILOS, BUT STILL REMAINS ABOUT 10 PERCENT BELOW CURRENT FREE MARKET WHOLESALE LEVELS. AS OUTLINED REF'S C AND D, THE NFA INTENDS TO PURCHASE GREATER AMOUNTS OF PADDY RATHER THAN MILLED RICE AS IT STORES BETTER. THE NEW OFFICIAL BULK PADDY PURCHASE PRICE REFLECTS THIS GOAL. THE PADDY FLOOR PRICE FOR INDIVIDUAL FARMER SALES TO NFA OFFICES IN THE DELTA REMAINS 10,000 PAISTERS PER 100

KILOS, BUT IT IS EXPECTED THAT THE NEW BULK PADDY PURCHASE PRICE OF 13,250 WILL ENHANCE FARMGATE PROFITS WHILE KEEPING THE ACTUAL PURCHASE AND STORAGE ACTIVITY IN PRIVATE SECTOR HANDS. ALTHOUGH IT HAS ANNOUNCED A BUILDING PROGRAM NFA IS NOT PRESENTLY CAPABLE OF LARGE SCALE DIRECT PURCHASE AT THE FARM LEVEL.

7. BOTH NFA AND PRIVATELY-HELD STOCKS REMAIN GENERALLY HIGH IN CENTRAL VIETNAM. NFA CONTINUES BOTH TO BUY RICE FROM SOME MERCHANTS' INVENTORIES (REFS C AND D) AND TO SELL TO OTHERS FROM NFA DOMESTIC STOCKS IN SAIGON IN ORDER TO BUILD UP PRIVATE SECTOR STOCKS PRIOR TO THE RAINY SEASON REFLECTING CONCERN OVER THE INCREASE IN MILITARY ACTIVITY AND THE SIZE OF THIS YEAR'S CROP. DELIVERIES TO CENTRAL VIETNAM IN JULY WERE 8,266 MT, INCLUDING 3,227 MT PURCHASED FROM SAIGON PRIVATE STOCKS AND 5,039 MT FROM NFA BRINGING THE TOTAL FOR THE YEAR TO DATE TO 112,881 MT. THIS FIGURE IS SUBSTANTIALLY ABOVE THE FIGURE REPORTED IN THE JUNE SITREP. THE DIFFERENCE IS ACCOUNTED FOR BY THE INADVERTENT OMISSION OF APRIL DELIVERIES IN THE CUMULATIVE TOTAL.

8. PRICES

A. DELTA PADDY AT THE MILL (WEIGHTED AVERAGE PER 100 KILOS)

	JAN 1	MAY 1	JUN 1	JUL 1	JUL 15	AUG 1
HIGH QUALITY	10,016	10,819	11,723	12,604	13,768	14,442
MEDIUM QUALITY	9,198	9,982	11,240	12,153	12,985	13,322

B. SAIGON WHOLESALE RICE PRICES (100 KILOS)

	JAN 1	JUN 24	JUL 8	JUL 22	AUG 19
HANG HUONG	23,800	21,800	22,800	23,500	23,800
SOC NAU	15,300	18,500	18,800	19,300	20,100
NO.1, 25 PERCENT	14,700	17,700	18,100	18,700	19,100
MIRACLE RICE	14,200	17,400	17,700	18,400	18,800

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C. SAIGON RETAIL RICE PRICES (100 KILOS)

	JAN 1	JUN 24	JUL 8	JUL 22	AUG 19
NANG HUONG	24,800	24,000	24,800	25,500	26,000
SOC NAU	17,300	19,500	20,000	20,400	21,000
NO.1, 25 PERCENT	16,500	18,500	18,800	19,200	19,800
U.S. MEDIUM	16,200	18,500	18,800	19,200	19,600
U.S. LONG	17,200	19,200	19,800	20,200	20,500

9. PROPELLED BY NFA OFFICIAL PURCHASE PRICES AND SEASONAL FACTORS, AUGUST 1 PADDY PRICES WERE 45 PERCENT ABOVE JANUARY 1 LEVELS AND ARE REPORTED CONTINUING TO CLIMB. MILLED RICE PRICES HOWEVER WERE UP ONLY 31 (SOC NAU) AND 30 (NO.1, 25 PERCENT BROKENS) PERCENT ABOVE JANUARY 1. THE NORMAL LAG BEHIND PADDY PRICE INCREASES HAS BEEN REINFORCED BY THE DELAYED INCREASE IN GVN OFFICIAL RICE SALES PRICES AND THE PRICE STABILIZATION

PROGRAM REINITIATED IN JULY AND REPORTED IN REF D.
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